

SENATE BILL No. 309

DIGEST OF INTRODUCED BILL

Citations Affected: IC 8-1-2.3-6.

Synopsis: Electricity suppliers' service areas. Provides that after May 12, 2015, a municipality that: (1) owns and operates an electric utility; and (2) annexes an area beyond the assigned service area of its municipally owned electric utility; may not petition the utility regulatory commission (IURC) to change the assigned service area of the municipally owned electric utility to include the annexed area according to certain procedures permitted under current law. Provides that the prohibition does not affect a petition that is: (1) filed with the IURC before May 13, 2015, according to the procedures permitted under current law; and (2) pending before the commission on May 13, 2015.

Effective: Upon passage.

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January 8, 2015, read first time and referred to Committee on Utilities.



First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 309

A BILL FOR AN ACT to amend the Indiana Code concerning utilities.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 8-1-2.3-6 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The
3 boundaries of the assigned service areas of electricity suppliers may not
4 be changed except under ~~any~~ one (1) of the following circumstances:
5 (1) **Except as provided in subsection (b)**, if a municipality which
6 owns and operates an electric utility system furnishing retail
7 electric service to the public annexes an area beyond the assigned
8 service area of its municipally owned electric utility, the
9 municipally owned electric utility may petition the commission to
10 change the assigned service area of the municipally owned
11 electric utility to include the annexed area, according to the
12 following procedures:
13 (A) The municipally owned electric utility shall file its petition
14 with the commission not later than sixty (60) days after the
15 annexation becomes effective. The petition must include a
16 certified copy of the annexation ordinance, which serves as



1 conclusive evidence that the area has been lawfully annexed
2 and is part of the municipality. After the filing of a petition
3 under this subdivision, the commission shall promptly enter an
4 order changing the assigned service area facet maps of the
5 municipally owned electric utility and incumbent electricity
6 suppliers to include the annexed area within the assigned
7 service area of the municipally owned electric utility and
8 giving the right to serve and immediate possession to the
9 municipally owned electric utility. The commission order is
10 enforceable in court pending an appeal of that order. An
11 appellant from a court order enforcing a commission order
12 under this subdivision is not entitled to a stay of the court
13 order pending appeal. However, this subdivision does not
14 apply to incorporations, consolidations, mergers, or
15 annexations that are under IC 36-4-3-4(a)(3), IC 36-4-3-4(b),
16 IC 36-4-3-4(h), or IC 36-4-3-4.1 or that are not contiguous
17 under IC 36-4-3-13(b) or IC 36-4-3-13(c).

18 (B) Not later than thirty (30) days after filing a petition under
19 this subdivision, the municipally owned electric utility shall
20 determine for each affected incumbent electricity supplier and
21 pay to that supplier an amount not less than the value of all the
22 electric utility property of the incumbent electricity supplier
23 that is devoted to furnishing retail electric service within the
24 additional assigned service area at its then reproduction cost
25 new depreciated value. In addition, the municipally owned
26 electric utility shall pay the incumbent electricity supplier
27 severance damages in an amount equal to:

28 (i) the value of the incumbent electricity supplier's
29 distribution and substation facilities dedicated to and located
30 within the annexed area or relocated by reason of the
31 annexation or an amount equal to two and one-half (2 1/2)
32 times the incumbent electricity supplier's gross revenues
33 from electricity sales in the annexed area during the twelve
34 (12) month period immediately preceding the date the
35 annexation ordinance became effective, whichever is
36 greater; plus

37 (ii) if additional permanent service locations or service
38 accounts are established in the annexed area during the five
39 (5) year period beginning on the effective date of the
40 annexation ordinance, one-tenth of one cent (\$0.001) for
41 each kilowatt hour of electricity sold to each of those
42 permanent service locations or service accounts for sales



1 that occur during a five (5) year period beginning on the
2 date each service location or service account is established,
3 up to a maximum of one hundred seventy thousand
4 (170,000) kilowatt hours per service account or service
5 location for each monthly billing period.

6 However, the municipally owned electric utility is not required
7 to pay severance damages under item (ii) if, at the time each
8 annual payment otherwise would accrue, it is purchasing all of
9 its requirements for electric power and energy, except for
10 generation directly provided by the municipally owned electric
11 utility or by a customer, from the incumbent electricity
12 supplier. Severance damages must be paid not later than thirty
13 (30) days after the end of each calendar year in which
14 severance damages have accrued. The municipally owned
15 electric utility and incumbent electricity suppliers shall
16 cooperate to calculate the amount of any severance damages
17 and shall furnish to each other all information and records
18 reasonably necessary for the determination and verification of
19 severance damages. If the municipally owned electric utility
20 and incumbent electricity suppliers cannot agree on the
21 amount of severance damages the municipally owned electric
22 utility is to pay, the commission shall determine the amount
23 and order payment in accordance with this clause. Not later
24 than twenty (20) days after making a payment, the municipally
25 owned electric utility shall certify to the commission and to
26 any affected incumbent electricity supplier that it has paid the
27 amounts required under this clause.

28 (C) If the municipally owned electric utility fails to make a
29 payment under clause (B), an affected incumbent electricity
30 supplier may, not later than sixty (60) days after the payment
31 is due and after giving the municipally owned electric utility
32 reasonable notice of and an opportunity to cure the defect, file
33 with the commission a petition alleging that a payment due
34 under clause (B) has not been made. If the commission finds
35 after notice and hearing that any payments owed to the
36 incumbent electricity supplier have not been timely and fully
37 paid, the commission shall order the municipally owned
38 electric utility to pay:

39 (i) the delinquent payments by a date determined by the
40 commission;

41 (ii) accrued interest at the rate set forth in IC 24-4.6-1-102;
42 and



(iii) the incumbent electricity supplier's costs of filing and prosecuting a petition under this clause.

If the commission finds against the incumbent electricity supplier, it shall order the incumbent electricity supplier to pay the costs incurred by the municipally owned electric utility in defending against the incumbent electricity supplier's petition.

(D) A certified copy of a final commission order that:

(i) determines and orders the payment of severance damages under clause (B); or

(ii) orders the payment of delinquent payments, interest, and costs under clause (C);

may be filed with the clerk of the circuit or superior court of any county in which part or all of the annexed area is located.

A commission order that is filed in a court under this clause may be enforced and executed in the same manner as if it were a final judgment of that court.

(2) Upon mutual agreement of the affected electricity suppliers and approval of the commission. If notice of a verified request for a change of boundary lines by mutual agreement under this subdivision is published in a newspaper of general circulation in every county in which the boundary lines are located and an affected electricity customer does not request a hearing within twenty (20) days of the last date of publication, the commission may approve the change without a hearing. The commission shall approve a boundary line change under this subdivision unless the commission finds, after a public hearing, that the change would cause:

(A) duplication of electric utility facilities;

(B) waste of materials or resources; or

(C) uneconomic, inefficient, or inadequate electric service to the public.

(3) In the case where a landowner owns a single tract of land that is intersected by the boundary lines of two (2) or more assigned service areas, and retail electric service can best be supplied by only one (1) electricity supplier, or in the case where a customer or customers are housed in a single structure or constitute a single governmental, industrial, or institutional operation, and the electricity suppliers involved are unable to agree which shall furnish the electric service, any of the electricity suppliers may submit the matter to the commission for its determination based upon public convenience and necessity. If, after notice and hearing, the commission determines that one (1) or more



1 electricity suppliers are to supply the required retail electric
2 service and the boundaries of an assigned service area are to be
3 changed, the assigned service area maps of the electricity
4 suppliers shall be changed to reflect the new boundaries.

5 **(b) After May 12, 2015, a municipality that:**

6 **(1) owns and operates an electric utility system furnishing**
7 **retail electric service to the public; and**

8 **(2) annexes an area beyond the assigned service area of its**
9 **municipally owned electric utility;**

10 **may not petition the commission to change the assigned service**
11 **area of the municipally owned electric utility to include the**
12 **annexed area according to the procedures set forth in subsection**
13 **(a)(1). After May 12, 2015, the boundaries of the assigned service**
14 **areas of electricity suppliers may be changed only according to the**
15 **procedures set forth in subsection (a)(2) or (a)(3), as applicable.**
16 **This subsection does not affect a petition that is filed with the**
17 **commission under subsection (a)(1) before May 13, 2015, and**
18 **pending before the commission on May 13, 2015.**

19 **SECTION 2. An emergency is declared for this act.**

